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Pitting Shultz Against Weinberger

In the war of nerves leading up to last week's indictment of Caspar Weinberger in the Iran-contra scandal, the backstage maneuvering escalated when prosecutors tried pitting former secretary of state George Shultz against Weinberger.

There was a surface logic in trying to capitalize on the antagonism between the two former Cabinet members, whose foreign policy disputes flared frequently during the Reagan years. But this eleventh-hour gambit—described by one observer of the case as prosecutors trying to “leverage” Shultz against the former Pentagon chief—failed.

“The clear implication is Shultz can buy his peace if he sells out Weinberger,” according to one source familiar with Shultz’s situation. “Shultz said [to prosecutors], ‘We’ve had a lot of fights, but Cap is an honest guy.’”

Shultz himself has acknowledged being “a subject” of the inquiry, although he hasn’t been subjected to the withering scrutiny trained on Weinberger in recent months.

Shultz’s attorney, Lloyd Cutler, declined comment. Sources close to Cutler told us about recent sessions between Shultz and prosecutors that illuminate how aggressively Iran-contra prosecutors were looking for a scalp, but how in the waning days of the investigation it seemed to some observers they were shooting at anything that moved.

Shultz was grilled about his pre-Reagan days with Weinberger when they both worked for Bechtel. He was asked, for example, whether Weinberger had ever cut corners as a corporate official in responsi-

ing to subpoena requests for information. In other words, could they dredge up evidence showing a past pattern that Weinberger was guilty of more than an oversight in forgetting to turn over personal diaries, the overwhelming majority of which dealt with non-Iran-contra material? Shultz was said to have attested to Weinberger’s honesty.

Prosecutors also presented Shultz with what seemed like a smoking-gun note prepared by one of

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his aides, which appeared to raise doubts about Weinberger’s credibility during the Reagan administration. They were hoping to corner Shultz into stating that his old nemesis wasn’t trustworthy. Shultz pointed out that the note dealt with a simmering dispute over the interpretation of a foreign treaty, not with Weinberger’s integrity, which again Shultz steadfastly vouched for.

It wasn’t enough to derail a federal grand jury this week from returning a five felony count indictment against Weinberger on charges that he lied repeatedly about his knowledge of the Iran-contra affair and concealed extensive notes that allegedly dealt with the biggest scandal of the Reagan administration.

“If [Walsh] can get Weinberger he can retroac-

tively resurrect his reputation, and then justify 5½ years and \$30 million,” one close observer of the case told us. “That’s how he’s thinking. Technically, he’s been given a little bit of leverage because of these notes.”

The notes consist of 1,700 pages of daily scribbles at the Pentagon, which have been housed in the Library of Congress and are now at the center of the prosecution’s contention that Weinberger withheld evidence. When his case comes to trial, however, a long parade of Pentagon officials will testify that Weinberger gave strict instructions to cooperate fully with the independent counsel’s office.

Walsh’s feelers on a plea-bargain deal were shot down by Weinberger’s attorney, Robert Bennett, but indicate how frantically prosecutors were looking for something that would redeem the highly controversial probe.

The stage was set for the indictment after Weinberger rebuffed Walsh’s plea-bargain deal. Weinberger had a chance to plead guilty to a misdemeanor of withholding information from Congress in exchange for testimony implicating former president Reagan in a broad conspiracy. Weinberger claims he has no damaging information on Reagan.

Bennett’s reply was unequivocal: “With all due respect, Judge Walsh, we’ll go to nuclear war. There will be no pleas in this case.”

Weinberger’s fate may turn on whether a jury believes his failure to turn over the diaries was intentional or inadvertent and just how incriminating they read.